

DIRECT TESTIMONY

Of

PHILIP RUKOSUEV

Rate Analyst
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Illinois Commerce Commission

Central Illinois Light Company, d/b/a AmerenCILCO,
Central Illinois Public Service Company, d/b/a AmerenCIPS,
and
Illinois Power Company, d/b/a AmerenIP

Proposal to Implement a
Combined Utility Consolidated Billing (UCB)
And Purchase of Receivables (POR) Service

Docket Nos. 08-0619/0620/0621 (Cons.)

February 24, 2009

1 **Q. Please state your name and business address.**

2 A. My name is Philip Rukosuev, and my business address is 527 E. Capitol Avenue,
3 Springfield, Illinois 62701.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am currently employed by the Illinois Commerce Commission ("ICC" or
7 "Commission") as a Rate Analyst in the Rates Department of the Financial
8 Analysis Division. My responsibilities include rate design and cost of service
9 analyses for electric, gas, water and sewer utilities and the preparation of
10 testimony on rates and rate-related matters.

11
12 **Q. How long have you been employed by the Illinois Commerce Commission?**

13 A. I have been employed by the Commission since September of 2008.

14
15 **Q. Please discuss your educational and professional background.**

16 A. I received a Bachelor of Arts in Economics/Business Administration from the
17 University of Illinois at Springfield in May of 2007. I was previously employed by
18 the Illinois Manufacturing Association as a Management Intern and by the
19 Department of Healthcare and Family Services Weather Assistance Division
20 (Weatherization and LIHEAP) as a Fiscal Intern.

21
22 **Q. Have you previously testified before the Illinois Commerce Commission?**

23 A. Yes, I have previously prepared testimony pertaining to rate-related matters.

24

25 **Q. What is the purpose of this proceeding?**

26 A. Central Illinois Light Company's ("CILCO", or "Company"), Central Illinois Public
27 Service Company's ("CIPS", or "Company") and Illinois Power Company's ("IP",
28 or "Company") (jointly "Companies", "Ameren", "Ameren Illinois Utilities", or
29 "AIU") propose to implement a Utility Consolidated Billing and Purchase of
30 Receivables ("UCB/POR") Program pursuant to Sections 16-118(c) and (d) of the
31 Illinois Public Utilities Act ("Act"). The proposed UCB/POR Program is intended
32 to benefit retail customers and alternative retail electric suppliers ("RES")
33 operating in the Companies' service territory.

34

35 **Q. What is the purpose of your direct testimony?**

36 A. The purpose of my testimony is to address the revised tariffs filed in this
37 proceeding and to propose modifications where appropriate. I will focus on the
38 direct testimony of Ms. Lynn D. Pearson (Ameren Exhibit 1.0) as it pertains to
39 tariff language referencing DS-3 customer subgroups, compliance filing and
40 informational filings.

41

42 **Q. Are you familiar with the testimony and exhibits presented by Company**
43 **witness Pearson?**

44 A. Yes, I have reviewed the direct testimony of Company witness Pearson (Ameren
45 Exhibit 1.0) and accompanying Exhibits 1.1 and 1.2.

46

Q. Are you sponsoring any schedules or attachments as part of ICC Staff Exhibit 4.0?

A. No, I am not.

DS-3 Customer Subgroups

Q. What is the program criteria and eligibility for UCB/POR services under Ameren's proposed tariffs?

A. Referring to Ameren Exhibit 1.0, lines 444-56, Ms. Pearson states that:

The UCB/POR Program is only available to retail customers with a maximum non-coincident peak (NCP) demand of less than 400 kW. Eligible customers are those customers served on delivery service ("DS") rates DS-1 (residential customers), DS-2 (small general delivery service non-residential customers with a maximum monthly demand of less than 150 kW), DS-3a (general delivery service non-residential customers with a maximum monthly demand equal to or greater than 150 kW and less than 400 kW), and DS-5 (lighting service customers). Customers with combined service points that include DS-3b (general delivery service non-residential customers with a maximum monthly demand equal to or greater than 400 kW but less than 1,000 kW) or DS-4 (large general delivery service customers with a maximum monthly demand equal to or greater than 1,000 kW) in addition to DS-1, DS-2, DS-3a or DS-5 are not eligible to participate in the UCB/POR Program.

Therefore, only those customers with a maximum non-coincident peak demand of less than 400kW are eligible for the UCB/POR Program. Furthermore, according to the Supplier Terms and Conditions, Availability/Eligibility, on proposed 3rd Revised Sheet No. 5.016 of the Companies tariffs:

The UCB/POR Program is only available as a combination program. The Company is not offering UCB stand alone service or POR stand alone service at this time. The RES indicate whether it

intends to elect to put Customers on the UCB/POR Program during the registration process.

Q. Can a RES select which customers within a customer subgroup will participate in the UCB/POR Program?

A. No. According to the Companies' proposed language in the Supplier Terms and Conditions, Availability/Eligibility, on proposed 3rd Revised Sheet No. 5.016 of the Companies tariffs:

A RES must choose to either include all Eligible Customers within a Customer Subgroup or exclude all Customers within a Customer Subgroup in the UCB/POR Program (with the exception of Customers with accounts greater than 60 days in arrears).

Q. Can a RES choose to include all DS-3 customers in the UCB/POR Program?

A. No. The DS-3 customer class includes two groups of customers based on size, as described below.

Q. What customer subgroups do the Companies describe within the DS-3 customer class?

A. According to the Supplier Terms and Conditions, on proposed 3rd Revised Sheet No. 5.015 of the Companies tariffs, the Companies describe one subgroup DS-3a as those customers with a maximum non-coincident peak demand less than 400 kW and the second subgroup DS-3b as those customers with a maximum non-coincident peak demand equal or greater than 400 kW. Referring to Ameren Exhibit 1.0, lines 280-83, Ms. Pearson states that: "The Program is only available to customers with a non-coincident peak demand of less than 400 kW, due to

provisions in Section 16-118(c) limiting POR to customers with demand less than 400 kW.”

Q. Has the Illinois Commerce Commission approved the designation of the above mentioned subgroups – DS-3a and DS-3b?

A. No, it has not.

Q. Do you agree that DS-3a and DS-3b designations are appropriate for Ameren’s UCB/POR Program as presented above?

A. No, those designations are not appropriate without Commission approval.

Q. What is your recommendation regarding the designation of the above mentioned subgroups – DS-3a and DS-3b?

A. I recommend that the designations DS-3a and DS-3b not be used in Ameren’s UCB/POR services tariffs as there is no precedent for their establishment without prior Commission approval.

Q. Do you recommend replacing subgroups DS-3a and DS-3b with an alternative designation?

A. Yes, I do. I recommend that the Companies use language from sheet 34.002 of their Supplemental Customer Charges tariff which would replace DS-3a and DS-3b with DS-3 (subject to the 400 kW limits of Rider BGS). This language replaces the reference to DS-3a and DS-3b with DS-3 as approved by the

Commission, while limiting the program to customers subject to the 400 kW limits of Rider BGS.

Q. Are the changes to the tariff language that you are recommending above reflected in Appendix A, attached to the Direct Testimony of Staff witness Theresa Ebrey (ICC Staff Exhibit 1.0)?

A. Yes.

Informational Filing

Q. What is included within the informational filing according to the Companies?

A. According to the Companies' proposed language in the Supplier Terms and Conditions, Informational Filing, on proposed 3rd Revised Sheet No. 5.024 of the Companies' tariffs:

The amount of the UCB/POR Discount Rate shall be shown on an informational filing supplemental to this tariff and filed with the ICC. Such filing and subsequent informational filings shall not be fled later than 30 days prior to the effective date of the change in the UCB/POR Program Start-Up Costs and Ongoing Administrative Cost component of the UCB/POR Discount Rate.

Any informational filing shall be accompanied by work papers showing the calculation of the UCB/POR Discount Rate. Each UCB/POR Discount Rate shall become effective as indicated on the informational filing and shall remain in effect during the Program Year subject to potential adjustment of the uncollectible component.

157 **Q. Did the Companies provide a sample copy of their informational filing?**

158 A. No, they did not.

159

160 **Q. Did the Companies indicate if they would agree to provide, in their rebuttal**
161 **testimony, a sample copy of the informational filing in order for Staff to be**
162 **able to review its substance and form?**

163 A. Yes. In response to Staff Data Request PR 2.04 which asked: "Please indicate
164 whether Ameren would agree to provide, in its rebuttal testimony, a copy of the
165 informational filing documentation in order for Staff to be able to review its
166 substance and form," Ms. Pearson replied:

167 The AIU agrees to provide a copy of the informational filing
168 documentation in its rebuttal testimony. The AIU notes, however,
169 that the information filing provided in its rebuttal testimony will be a
170 current draft and the AIU reserves the right to make any changes,
171 edits, or modifications that are needed to be in compliance with the
172 Commission's Final Order, or any other changes needed to
173 implement and facilitate the UCB/POR Program.

174

175 **Q. What is your recommendation regarding the informational filing?**

176 A. I recommend that the Companies provide a sample copy of the informational
177 filing in their rebuttal testimony.

178

179 **Compliance Period**

180

181 **Q. What compliance period do the Companies propose before the effective**
182 **date of their UCB/POR services tariffs?**

183 A. Referring to Ameren Exhibit 1.0, lines 625-29, Ms. Pearson states that:

184 AIU is requesting a compliance period of 60 days subsequent to the
185 date of the Final Order, during which it would finalize tariffs and
186 pricing and accommodate for any other changes resulting from the
187 outcome of this docket. AIU would implement the UCB/POR service
188 within 60 days from the date of a final Commission order.
189

190 **Q. Please discuss the requirements of Section 9-201(b) of the Act.**

191 A. Pursuant to Section 9-201(b) of the Act, the Companies are directed to:

192 Within 30 days after such changes have been authorized by the
193 Commission, copies of the new or revised schedules shall be
194 posted or filed in accordance with the terms of Section 9-103 of the
195 Act, in such a manner that all changes shall be plainly indicated.
196

197 **Q. Do the Companies claim that it is difficult to implement tariff, pricing and**
198 **billing changes within the provided time frame pursuant to Section 9-201(b)**
199 **of the Act?**

200 A. Referring to Ameren Exhibit 1.0, lines 564-66, Ms. Pearson states that:

201 While AIU is committed to providing the UCB/POR service in a
202 timely manner, it has seen in recent cases that it can be very
203 challenging to implement tariff, pricing and billing changes within a
204 limited time frame, particularly in light of the fact that the tariff
205 structure and resulting charges remain unknown until the Final
206 Order is available. It can be very challenging to accommodate
207 unexpected provisions in a rate Order. The RES will also be
208 reacting to the rates, terms and conditions of the Final Order while
209 they are in the process of developing their marketing plans.
210

211 Additionally, in response to Staff Data Request PR 1.01 which asked: "Please
212 explain in detail why it is challenging for the Companies to implement tariff,
213 pricing and billing changes within the provided timeframe," Ms. Pearson replied:

214 The AIU would like to clarify the testimony to note that the
215 challenges occur more in accommodating changes to the Program
216 structure and the tariff structure and not so much in a change to the

217 rates. Our primary concern is being able to have enough time to
218 competently implement the Commission's final approved tariffs in a
219 manner than minimizes start-up problems for our residential and
220 small business customers who will begin switching to RES service
221 for the first time.
222

223 Thus, it appears the Companies believe it would be difficult to implement tariff,
224 pricing and billing changes within the time frame required by Section 9-201(b) of
225 the Act, but are confident in their ability to meet the requirements of the
226 UCB/POR tariff provision if the Commission grants the requested 60-day
227 compliance window.
228

229 **Q. What is the relevance of RES marketing plans to the Companies' proposal**
230 **for a 60-day compliance time period as indicated above?**

231 A. In response to Staff Data Request PR 1.03, Ms. Pearson states that, "the RES
232 will also be reacting to the rates, terms and conditions of the Final Order while
233 they are in the process of developing their marketing plans". Ms. Pearson further
234 explained that:

235 The AIU's proposal for a 60 day compliance period is not based on
236 a concern regarding RES product development or marketing plans.
237 RES data exchange operations would probably have been a better
238 descriptor that (sic) RES marketing plans. The sentence was
239 included in Ms. Pearson's testimony to recognize that the RES may
240 also need time to make changes as a result of the final Order in this
241 proceeding. The RES have been working with the AIU to design the
242 electronic data interchange process according to the terms of the
243 UCB/POR Program structure and tariff structure as proposed. Any
244 unanticipated provisions in the final Order may require
245 modifications to the electronic data interchange processes and
246 additional testing and this will impact the RES as well as the AIU.
247

Q. Do you agree with the Companies' proposal that the Commission should approve a 60-day compliance period and that the Companies should implement the proposed tariffs within sixty days of a final Commission Order?

A. No, I do not agree. I consider a 60-day compliance period to be too long because it exceeds the required time frame set forth in Section 9-201(b) of the Act. In addition, Ameren filed its tariffs after several workshops, which were held to minimize the concerns of all interested parties. Ameren appears to agree with this notion, where Ms. Pearson, referring to Ameren Exhibit 1.0, lines 157-66, states that:

A considerable effort over several months was made by AIU and workshop participants to develop the UCB/POR Program filed in this proceeding. Draft outlines of the tariff proposal were presented during the workshop process and comments were solicited from all workshop participants in the development of the tariff. AIU appreciates the feedback from Staff and other parties in the process of the UCB/POR tariff development. The AIU's understanding resulting from participating in the workshop process was that the initial service to be offered under the Public Act 95-0700 mandate would be a combined UCB/POR Program.

Furthermore, the initial UCB/POR Program offering will be limited in scope, therefore making it easier to adhere to the requirements of Section 9-201(b) of the Act. The Companies seek to implement the provisions of SB 1299 in phases. Referring to Ameren Exhibit 1.0, lines 166-71, Ms. Pearson states that:

The decision to limit the initial service offering to a combined UCB/POR Program resulted from a number of concerns - first, was the concept of speed to market; second was the goal of cost minimization; third was the goal of bringing competition to the greatest number of Illinois consumers; and finally, UCB/POR was the service that many of the RES workshop participants seemed interested in obtaining as quickly as possible.

The docketed proceedings will likely determine some changes to the filed proposed tariffs, but I have difficulty envisioning that there would be so many changes that it would take 60 days to incorporate them into the final compliance tariffs.

Q. What is your recommendation regarding the compliance period?

A. I recommend the Commission order the Companies to file their compliance tariffs within 30 days of the Commission's Order in this proceeding pursuant to Section 9-201(b) of the Act.

Q. Please summarize your recommendations.

A. My four recommendations are as follows:

1) I recommend that the DS-3a and DS-3b customer subgroup designations not be used in Ameren's UCB/POR services tariffs as there is no precedent for their establishment without prior Commission approval.

2) I recommend that the Companies use language from sheet 34.002 of their Supplemental Customer Charges tariff which would replace the designations DS-3a and DS-3b with DS-3 (subject to the 400 kW limits of Rider BGS).

3) I recommend that the Companies provide a sample copy of their informational filing in their rebuttal testimony.

304

305 4) I recommend the Commission order the Companies to file their
306 compliance tariffs within 30 days of the Commission's Order in this proceeding
307 pursuant to Section 9-201(b) of the Act.

308

309 **Q. Does this conclude your prepared direct testimony in this proceeding?**

310 **A. Yes, it does.**